

15431-A

15431
REGISTRATION NO. 15431
FILED 1429
DEC 29 1987

WILMER CUTLER & PICKERING

244 S. M. STREET, N. Y.
WASHINGTON, D. C. 20037-1420

15431-B
REGISTRATION NO. 15431
FILED 1425
DEC 29 1987

WILLEN H. HARRISON, JR.
DIRECT LINE (202)

663-6093

INTERSTATE COMMERCE COMMISSION

INTERNATIONAL TELEX: 440 239 WCPI UI
TELEX: 89-2402 WICRNG WSH
TELEPHONE 202 663-6000

REGISTRATION NO. 15431-C
FILED 1425
DEC 29 1987

INTERSTATE COMMERCE COMMISSION

EUROPEAN OFFICE
4 CARLTON GARDENS
LONDON, SW1Y 5AA, ENGLAND
TELEPHONE 011-441-839-4466
TELEX: 8813918 WCPLDN
TELCOPY: 839-3537
CABLE ADDRESS: WICRNG LONDON

December 29, 1987

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

Burlington Northern Railroad Company
Electrical Power Purchase Financing
9.634% Secured Notes Due 1988-1998

7-383A060

DEC 29 1987

50.00

Dear Ms. McGee:

On behalf of the parties listed below, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, five enclosed executed counterparts each of five documents, not previously recorded, as listed below:

1. Trust Indenture and Security Agreement dated as of December 22, 1987, between The Connecticut Bank and Trust Company, National Association, as Indenture Trustee, and Meridian Trust Company, as Owner Trustee.

2. Indenture Supplement dated December 29, 1987, of Meridian Trust Company, as Owner Trustee.

3. Lease of Railroad Equipment dated as of December 22, 1987, between Meridian Trust Company, in its capacity as Owner Trustee as Lessor, and The Connecticut National Bank, in its capacity as LMX Trustee as Lessee.

4. Lease Supplement No. 1 dated December 29, 1987, between Meridian Trust Company, in its capacity as Owner Trustee as Lessor, and The Connecticut National Bank, in its capacity as LMX Trustee as Lessee.

5. Assignment of Electrical Power Purchase Agreement dated as of December 22, 1987, between The Connecticut National Bank, in its capacity as LMX Trustee as Lessee (Assignor) and Meridian Trust Company, as Owner Trustee (Assignee).

The names and addresses of the parties to the aforementioned documents are as follows:

DEC 29 12 26 PM '87
100 OFFICE OF
THE SECRETARY OF
TRANSPORTATION

Counterpart
A.H. Harrison

12:30 PM

New Number 15431

1. Indenture Trustee:

The Connecticut Bank and Trust Company,
National Association,
One Constitution Plaza,
Hartford, Connecticut 06115.

2. LMX Trustee-Lessee-Assignor:

The Connecticut National Bank,
777 Main Street,
Hartford, Connecticut 06115.

3. Builder:

General Electric Company,
2901 East Lake Road,
Erie, Pennsylvania 16531.

4. Owner Trustee--Lessor-Assignee:

Meridian Trust Company,
35 North Sixth Street,
Reading, Pennsylvania 19601.

Please file and record the documents referred to in this letter and index them under each of the names of the aforementioned parties, remembering the Assignee, Meridian Trust Company, should be indexed under its own name with a cross reference to this filing.

The equipment covered by the afore-mentioned documents is listed on Exhibit A attached hereto. The equipment bears the legend "Ownership Subject to a Security Agreement Filed with The Interstate Commerce Commission".

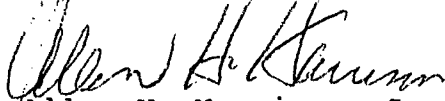
A short summary of the documents to appear in the ICC Index is as follows:

"Covers 100 locomotives, LMX 8500-8599"

There is also enclosed a check for \$50 payable to the Interstate Commerce Commission, representing the fee for recording the enclosed documents.

Once the filing has been made, please return to bearer the stamped counterparts of the documents not needed for your files, together with the fee receipt, the letter from the ICC acknowledging the filings, and the two extra copies of this letter of transmittal.

Very truly yours,


Allen H. Harrison, Jr.
Attorney for the purpose
of this filing for the
above parties

Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures

AHH/iw

BY HAND

LEASE OF RAILROAD EQUIPMENT

Dated as of December 22, 1987

REGISTRATION NO. 15431-B
FILED 1423

DEC 29 1987

Between

INTERSTATE COMMERCE COMMISSION

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity but solely as
LMX Trustee under an LMX 1987 Trust Agreement
dated as of the date hereof,

as Lessee,

And

MERIDIAN TRUST COMPANY,
not in its individual capacity but solely
as Owner Trustee under a Trust Agreement dated as
of the date hereof,

as Lessor.

Certain of the rights and interests of the Lessor under this Lease are subject to a security interest in favor of The Connecticut Bank and Trust Company, National Association, as Indenture Trustee under a Trust Indenture and Security Agreement dated as of the date hereof, for the benefit of the holders of the Secured Notes referred to therein. This Lease has been executed in several counterparts. Only the original counterpart contains the receipt therefor executed by The Connecticut Bank and Trust Company, National Association, Indenture Trustee, on the signature pages thereof. No security interest in the Lessor's rights and interests under this Lease may be created through the transfer or possession of any counterpart other than the original counterpart.

THIS IS NOT THE ORIGINAL COUNTERPART.

LEASE OF RAILROAD EQUIPMENT dated as of December 22, 1987, between THE CONNECTICUT NATIONAL BANK, a national banking association (the "Lessee"), not in its individual capacity but solely as LMX Trustee under an LMX 1987 Trust Agreement dated as of the date hereof (the "LMX 1987 Trust Agreement") with LMX Corporation, a Delaware corporation ("LMX"), and MERIDIAN TRUST COMPANY, a Pennsylvania trust company, not in its individual capacity but solely as Owner Trustee (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with Bell Atlantic TriCon Leasing Corporation, a Delaware corporation (the "Owner").

WHEREAS the Lessor is entering into a Purchase Agreement dated as of the date hereof (the "Purchase Agreement") with General Electric Company (in such capacity, the "Builder") pursuant to which the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Appendix A hereto;

WHEREAS pursuant to a Participation Agreement dated as of the date hereof (the "Participation Agreement"), among LMX, the Lessee, The Connecticut Bank and Trust Company, National Association, as Indenture Trustee (the "Indenture Trustee"), the Lessor, the Owner, General Electric Capital Corporation ("GECC"), General Electric Company ("Supplier's Contractor") and the institutional investors named in Appendix I thereto (the "Purchasers"), the Purchasers have agreed to provide financing for a portion of the cost of such equipment by purchasing the Lessor's Secured Notes to be issued under a Trust Indenture and Security Agreement dated as of the date hereof, between the Indenture Trustee and the Lessor (the "Indenture"), and the Owner has agreed to furnish the balance of such equipment cost by making an investment as provided therein;

WHEREAS the Lessee desires to lease such number of the units of railroad equipment described in Appendix A hereto as are delivered and accepted and settled for under the Purchase Agreement (the "Units") at the rentals and upon the terms and conditions hereinafter provided;

WHEREAS the Lessee is entering into an Electrical Power Purchase Agreement dated as of the date hereof with Burlington Northern Railroad Company ("Consumer"), pursuant to which the Lessee will make available the Units to Consumer (the "EPPA");

WHEREAS the Lessee will assign certain of its rights under the EPPA as security to the Lessor pursuant to an Assignment of Electrical Power Purchase Agreement (the "EPPA Assignment") dated as of the date hereof, and Consumer will acknowledge and consent thereto pursuant to a Consent and Agreement (the "EPPA Consent");

WHEREAS the Lessee is entering into a Maintenance and Services Agreement dated as of the date hereof (the "Maintenance Agreement") with Supplier's Contractor;

WHEREAS the Lessee will assign certain of its rights under the Maintenance Agreement as security to the Lessor pursuant to an Assignment of Maintenance Agreement (the "Maintenance Agreement Assignment") dated as of the date hereof, and Supplier's Contractor will acknowledge and consent thereto pursuant to a Consent and Agreement (the "Maintenance Agreement Consent");

WHEREAS the Lessee will agree to indemnify the Owner pursuant to an Indemnity Agreement dated as of the date hereof (the "Indemnity Agreement"), between the Owner and the Lessee, against certain losses, liabilities and expenses incurred or suffered by the Owner;

WHEREAS Consumer, GECC and Supplier's Contractor will agree to provide support to the Lessee, with respect to its obligations under the Indemnity Agreement, pursuant to an Indemnity Support Agreement dated as of the date hereof (the "Indemnity Support Agreement"), among Consumer, GECC, Supplier's Contractor and the Lessee;

WHEREAS the Lessee will assign certain of its rights under the Indemnity Support Agreement to the Owner as security pursuant to an Assignment of Indemnity Support Agreement dated as of the date hereof (the "Indemnity Support Agreement Assignment"), and Consumer, GECC and Supplier's Contractor will consent thereto pursuant to a

acceptance of any Unit hereunder is subject to the payment of the Purchase Price therefor pursuant to the Purchase Agreement. It is acknowledged that the Builder will retain a purchase money security interest in each Unit delivered and accepted hereunder until it receives payment of the Purchase Price therefor under the Purchase Agreement or the Unit is reassigned to the Builder as provided in paragraph 3.3 of the Purchase Agreement. It is further acknowledged that any Unit delivered and accepted hereunder in respect of which the Purchase Price therefor is not paid to the Builder on the applicable Closing Date shall automatically be released and excluded from this Lease and such delivery and acceptance shall be ineffective, ab initio, to create in or transfer to the Lessee any legal or beneficial right or interest in such Unit.

2.2. Designation of Units. All Units which are delivered and accepted hereunder on or prior to December 31, 1987, shall be designated "Schedule A Units"; and all Units which are delivered and accepted hereunder after December 31, 1987, and on or prior to June 30, 1988, shall be designated "Schedule B Units". On each Closing Date, the Lessor and the Lessee shall enter into a supplement hereto substantially in the form of Exhibit A hereto, with respect to the Units settled for on such Closing Date.

§ 3. RENTALS

3.1. Amount and Date of Payment. (1) As rental for each Unit subject to this Lease, the Lessee agrees to pay to the Lessor 40 consecutive quarterly payments payable, in arrears, on March 31, June 30, September 30 and December 31 in each year, commencing September 30, 1988, to and including June 30, 1998; The 40 quarterly rental payments shall each be in an amount equal to the basic lease rate for Units set forth in Appendix B hereto (subject to adjustment as provided below) for the applicable payment date multiplied by the Purchase Price of each Unit subject to this Lease. The basic lease rates referred to in this § 3.1 are hereinafter collectively referred to as the "Basic Lease Rates"). The quarterly rental payments commencing September 30, 1988, for Units are hereinafter referred to as "Basic Rent".

(2) In addition, as an interim rental for each Schedule A Unit subject to this Lease, the Lessee agrees to

pay to the Lessor (a) on March 31, 1988, 0.035133% of the Purchase Price of such Unit for each day from the First Closing Date to, but not including, March 31, 1988, and (b) on June 30, 1988, 0.035133% of the Purchase Price of such Unit for each day from March 31, 1988, to, but not including, June 30, 1988. In addition, as an interim rental for each Schedule B Unit subject to this Lease the Lessee agrees to pay to the Lessor on June 30, 1988, 0.035133% of the Purchase Price of such Unit for each day from the Second Closing Date to, but not including, June 30, 1988. The interim rentals for both Schedule A Units and Schedule B Units are hereinafter referred to as "Interim Rent". Interim Rent shall be computed on the basis of a 360-day year of twelve 30-day months. The aforesaid payment dates for Interim Rent are hereinafter referred to as "Interim Rent Payment Dates".

(3) The Basic Lease Rates have been calculated on the assumption that (i) the aggregate amount of the Transaction Expenses payable by the Owner pursuant to Paragraph 12 of the Participation Agreement will be 1.5% of the aggregate Purchase Price of the Units settled for on each Closing Date plus \$354,190 payable on the First Closing Date, and such respective amounts are paid on such dates, (ii) a Change in Tax Law (as defined in § 3.1(6) hereof) will not occur, (iii) the First Closing Date will be December 29, 1987, (iv) the Second Closing Date will be April 30, 1988, (v) both closings will occur as contemplated by the Participation Agreement, (vi) the Schedule A Units will consist of 65 Units delivered on or prior to the First Closing Date and the Schedule B Units will consist of 35 Units delivered on or prior to the Second Closing Date and (vii) the actual interest rate payable on the Secured Notes, the dates on which interest is payable thereon, the amortization schedules for the Secured Notes and debt as a percentage of the First Closing Purchase Price and as a percentage of the Second Closing Purchase Price are as set forth on Schedule II hereto. If for any reason these assumptions prove to be incorrect from time to time, then the Basic Lease Rates (and the related Termination Values and Casualty Values set forth in Appendix C hereto) payable by the Lessee hereunder in respect of all the Units shall be increased or decreased, as the case may be, by such amount as shall, in the reasonable opinion of the Owner, cause the Owner's Net Economic Return (as defined in § 3.1(6) hereof), to be equal to the Net Economic Return that would have been realized by the Owner if such assumptions had proved to be correct, provided that

Contractor in connection with the performance by Supplier's Contractor of its obligations under the Maintenance Agreement. So long as no Consumer Event of Default shall have occurred and be continuing and no Event of Default under § 13.1(H) or (I) hereof shall have occurred and be continuing, Consumer shall be entitled to have the Units made available to it under the EPPA and to receive the electrical power generated by the Units. The Units shall be used only in the United States and Canada.

(3) Without the prior written consent of the Lessor, the Units shall not be used in connection with any nuclear facility or activity.

§ 16. RENEWAL OPTIONS AND PURCHASE OPTION

16.1. Renewal for Successive Periods. Provided that the Lessee is not in default hereunder or under the Indemnity Agreement, the Lessee may by irrevocable written notice delivered to the Lessor not less than 180 days prior to the end of the Basic Lease Term or the first extended term of this Lease, elect to extend such original or extended term of this Lease, as the case may be, in respect of all but not less than all of the Units subject to this Lease for an additional two-year period commencing on the scheduled expiration of such original term or then extended term, as the case may be, of this Lease; provided, however, that such right of the Lessee to extend shall be subject to (a) the Lessee having entered into an electrical power purchase agreement or a sublease with (x) Consumer or (y) a Class I railroad, the unsecured senior debt obligations of which are rated at least equal to or higher than "A" as rated by Duff & Phelps, Standard & Poor's Corporation or Moody's Investor Services, which agreement (and associated documents) or sublease (and associated documents) shall provide for (i) minimum payments or rentals sufficient to satisfy the rentals payable under this Lease during the extended term, (ii) liability with respect to tax indemnity obligations of the Lessee pursuant to the Indemnity Agreement to at least the same extent as provided by the Consumer in the Indemnity Support Agreement (to the extent Consumer does not continue to be obligated therefor), (iii) a term not longer than the extended term of this Lease and (iv) such other provisions as to maintenance and other matters as are necessary to provide the Lessor arrangements reasonably comparable to the arrangements originally established under the Operative

Documents or (b) Supplier's Contractor or GECC having agreed to guarantee all of the Lessee's obligations under this Lease and the Indemnity Agreement during the extended term pursuant to a guaranty agreement in form and substance reasonably satisfactory to the Lessor. In the case of clause (a) in the preceding sentence, the Lessee's right to extend shall be further subject to the Lessee having assigned certain of its rights in and to such electrical power purchase agreement (and associated documents) or such sub-lease (and associated documents) to the Lessor as collateral security for the performance by the Lessee of its obligations hereunder and under the Indemnity Agreement to the same extent that the Lessee assigned certain of its rights under the Operative Document to the Lessor as collateral security. The extended term of this Lease shall be on the same terms and conditions as are contained herein except (x) the rental payable during each extended term shall be in an amount equal to the "Fair Market Rental" and (y) the Casualty Value of each Unit on the first day of the extended term shall be equal to the "Fair Market Value" of such Unit on such date, and thereafter such Casualty Value shall be reduced on a straight-line basis over the estimated remaining useful life of such Unit which shall, if not agreed upon by the Lessor and the Lessee, be determined by appraisal consistent with the procedure hereinafter set forth, for the remainder of such extended term.

16.2. Determination of Fair Market Rental.

(1) Fair Market Rental shall be determined for each extended term of this Lease on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental and it shall be assumed that all the Units have been assembled in one place within the continental United States of America and have been maintained in accordance with the provisions of this Lease and that any additions, modifications and improvements made by the Lessee pursuant to the first sentence of § 11.2(1) hereof (other than pursuant to §§ 10 and 11.1 hereof) had not been made.

(2) If, after 30 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease for any extended term, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market

Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 30 days after such notice is given, appoint a third independent appraiser. If no such third appraiser is appointed within 30 days after such notice is given either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be paid by the Lessee.

16.3. Purchase Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder or under the Indemnity Agreement, the Lessee may by irrevocable written notice delivered to the Lessor not less than 180 days prior to the end of the Base Lease Term or any extended term of this Lease, elect to purchase all but not less than all of the Units subject to this Lease at the then Fair Market Value thereof payable in

cash on the last day of such term. Fair Market Value shall be determined on the basis of criteria and procedures comparable to those established for the determination of Fair Market Rental under § 16.2 hereof. Should the Lessee purchase the Units pursuant to this § 16.3, the Lessor shall upon request of the Lessee execute and deliver to the Lessee a bill of sale for the Units that will transfer to the Lessee all right, title and interest of the Lessor in and to the Units on an "as-is, where-is" basis, without recourse or warranty except as to absence of liens, security interests and encumbrances arising through the Lessor.

16.4. Options. The Lessee's options under § 16.1 and § 16.3 hereof may be exercised separately and from time to time, but if the Lessee does not exercise any such option with respect to any Unit, such Unit shall not thereafter be subject to any such option.

16.5. Special Purchase Option. In the event that a Special Purchase Event (as defined in § 3.1(3) hereof) shall occur, the Lessee may, provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder or under the Indemnity Agreement, by irrevocable written notice delivered to the Lessor and the Indenture Trustee not less than 45 days prior to the next Basic Rent Payment Date which is at least 45 days after the occurrence of such Special Purchase Event, elect to purchase on such Basic Rent Payment Date all but not less than all the Units affected by the Change in Tax Law giving rise to such Special Purchase Event. The purchase price for such Units shall be equal to the greater of (i) the Termination Value applicable to such Units as of such Basic Rent Payment Date or (ii) the Fair Market Value of such Units as of such Basic Rent Payment Date. Fair Market Value shall be determined on the basis of criteria and procedures comparable to those established for the determination of Fair Market Rental under § 16.2 hereof. On such Basic Rent Payment Date, the Lessee shall pay such purchase price, together with any applicable premium on the Secured Notes payable pursuant to Section 2.9 of the Indenture to the Lessor in immediately available funds and the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee a bill of sale for such Units that will transfer to the Lessee all right, title and interest of the Lessor in and to such Units on an "as-is, where-is" basis, without recourse or warranty except as to absence of liens, security interests and encumbrances arising through the Lessor.

16.6. Special Regulatory Event. If solely by reason of its participation in the transactions contemplated by the Operative Documents it shall be determined, pursuant to a binding order issued by a federal or state governmental body having jurisdiction, that the Owner is, or is subject to regulation by such governmental body as, an electric utility or an electric utility holding company or an affiliate of either (a "Special Regulatory Event"), the Lessor shall give the Lessee, Supplier's Contractor and Consumer written notice promptly upon becoming aware of such event and the Lessee agrees (at its own expense and with the Owner's cooperation) to contest such determination diligently and in good faith by appropriate proceedings (so long as the effectiveness of such order is stayed and the Lessee believes it has reasonable grounds for such contest). Without limiting the obligation to contest as aforesaid, forthwith and in any event within 30 days after receipt of such notice, the Lessee shall take any and all actions that the Lessee in its reasonable judgment deems appropriate to terminate or nullify the effect of such Special Regulatory Event, including without limitation actions with respect to the use and location of the Units in any jurisdiction and proposals (or permitted changes) with respect to the nature and structure of the Lessee Documents. Forthwith and in any event within 30 days after any such order becomes effective (and not stayed) or such contest has been completed or abandoned, the Lessee shall do one of the following (the election as to which one being at its option) (unless by reason of any of the other actions referred to in the preceding sentence the effect of such Special Regulatory Event shall have been nullified):

(A) by written notice to the Lessor and the Owner, offer to cause Consumer, GECC, Supplier's Contractor or a person meeting the requirements of Paragraph 16 of the Participation Agreement to purchase, on the next succeeding Basic Rent Payment Date which is not less than 30 days from the date of such notice, all right, title and interest of the Owner in and to the Trust Estate, for a purchase price equal to the difference between the Termination Value of all Units then subject to this Lease as of such Basic Rent Payment Date and the aggregate principal amount of Secured Notes outstanding as of such date, together with all Basic Rent and Supplemental Rent due and unpaid on or prior to such Basic Rent Payment date, and if such offer is accepted within 30 days of receipt thereof, the Lessee shall, on such Basic Rent Payment Date, cause to be purchased all right, title and

interest of the Owner as aforesaid for the purchase price specified above, payable in immediately available funds, and otherwise in accordance with said Paragraph 16; or

(B) upon prior written notice to the Lessor, the Owner, the Indenture Trustee and the holders of the Secured Notes, assign all of its right, title and interest in and to this Lease and the Units to Consumer whereupon Consumer shall assume (by instruments reasonably satisfactory in form and substance to the Lessor and the Indenture Trustee) all obligations of the Lessee under this Lease and the other Lessee Documents, but subject to the provisions of Paragraph 17 of the Participation Agreement and Section 3(g) of the Consumer Agreement (including without limitation provisions contemplating the termination of the EPPA, the Maintenance Agreement, the Operative Agreement and the Consumer Agreement, but subject to the undertakings in respect thereof of Supplier's Contractor in said Paragraph 17 and Consumer in said Section 3(g)); or

(C) by written notice delivered to the Lessor and the Indenture Trustee not less than 45 days prior to the next Basic Rent Payment Date which is not less than 45 days after the date of such notice, offer to purchase on such Basic Rent Payment Date all but not less than all of the Units, for a purchase price equal to the Termination Value of such Units as of such Basic Rent Payment Date, plus the amount of any applicable premium on the Secured Notes payable pursuant to Section 2.9 of the Indenture, together with all Basic Rent and Supplemental Rent due and unpaid on or prior to such Basic Rent Payment Date; and within 30 days after receipt of such offer, the Lessor shall accept or reject such offer by written notice to the Lessee, and if such offer is accepted, the Lessee shall, on such Basic Rent Payment Date, purchase the Units from the Lessor for the purchase price specified above, payable in immediately available funds.

If any offer referred to in clause (A) or (C) above is not accepted by the Lessor within 30 days of receipt thereof, the Lessor shall be deemed to have rejected such offer, whereupon the Lessee's obligations in respect of the Special Regulatory Event shall terminate. Should the Lessee purchase the Units pursuant to clause (C) above the Lessor

APPENDIX A
TO
LEASE

<u>Type</u>	<u>Builder</u>	<u>Builder's Specifi- cations</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Estimated Time and Place of Closing</u>
General Electric Model B39-8 diesel- electric locomotives	General Electric Company	FLB01 (General Specs.) FLB01D (Modifica- tions)	Erie, Pennsylvania	65	8500-8502, 8504-8539, 8541-8566	\$1,038,680	\$67,514,200	December 29, 1987, or such other date not later than December 31, 1987, designated by the Lessee.
				35	8503 8540 8567-8599	\$1,038,680	\$36,353,800	April 29, 1987, or such other date not later than June 30, 1987, designated by the Lessee.

In each case, at
such place as the
Lessee shall design-
ate.

APPENDIX B TO LEASE
Schedule of Rental Payments

<u>Date</u>	<u>Basic Lease Rates</u>
9/30/88	.03161966176
12/31/88	.03161966176
3/31/89	.03161966176
6/30/89	.03161966176
9/30/89	.03161966176
12/31/89	.03161966176
3/31/90	.03161966176
6/30/90	.03161966176
9/30/90	.03161966176
12/31/90	.03161966176
3/31/91	.03161966176
6/30/91	.03161966176
9/30/91	.03161966176
12/31/91	.03161966176
3/31/92	.03161966176
6/30/92	.03161966176
9/30/92	.03161966176
12/31/92	.03161966176
3/31/93	.03161966176
6/30/93	.03161966176
9/30/93	.03161966176
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12/31/94	.03161966176
3/31/95	.03161966176
6/30/95	.03161966176
9/30/95	.03161966176
12/31/95	.03161966176
3/31/96	.03161966176
6/30/96	.03161966176
9/30/96	.03161966176
12/31/96	.03161966176
3/31/97	.03161966176
6/30/97	.03161966176
9/30/97	.03161966176
12/31/97	.03161966176
3/31/98	.03161966176
6/30/98	.03161966176

SCHEDULE II
to Lease
(continued)

AMORTIZATION SCHEDULE

(Payments Expressed as a Percentage of Original Principal
Amount of 9.634% Secured Notes Issued by Owner Trustee)

<u>Number of Installment</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Remaining Principal Balance</u>
1	4.0061908	2.4085000	1.5976908	98.4023092
2	4.0061908	2.3700197	1.6361711	96.7661381
3	4.0061908	2.3306125	1.6755783	95.0905598
4	4.0061908	2.2902562	1.7159346	93.3746252
5	4.0061908	2.2489279	1.7572629	91.6173623
6	4.0061908	2.2066042	1.7995866	89.8177757
7	4.0061908	2.1632612	1.8429296	87.9748460
8	4.0061908	2.1188742	1.8873166	86.0875295
9	4.0061908	2.0734182	1.9327726	84.1547568
10	4.0061908	2.0268674	1.9793234	82.1754334
11	4.0061908	1.9791954	2.0269954	80.1484380
12	4.0061908	1.9303752	2.0758156	78.0726223
13	4.0061908	1.8803792	2.1258116	75.9468107
14	4.0061908	1.8291790	2.1770118	73.7697989
15	4.0061908	1.7767456	2.2294452	71.5403537
16	4.0061908	1.7230495	2.2831413	69.2572124
17	4.0061908	1.6680600	2.3381308	66.9190816
18	4.0061908	1.6117461	2.3944447	64.5246369
19	4.0061908	1.5540759	2.4521149	62.0725220
20	4.0061908	1.4950167	2.5111741	59.5613480
21	4.0061908	1.4345351	2.5716557	56.9896923
22	4.0061908	1.3725968	2.6335940	54.3560983
23	4.0061908	1.3091667	2.6970241	51.6590741
24	4.0061908	1.2442088	2.7619820	48.8970922
25	4.0061908	1.1776865	2.8285043	46.0685879
26	4.0061908	1.1095620	2.8966288	43.1719591
27	4.0061908	1.0397967	2.9663941	40.2055649
28	4.0061908	0.9683511	3.0378397	37.1677252
29	4.0061908	0.8951847	3.1110061	34.0567191
30	4.0061908	0.8202561	3.1859347	30.8707845
31	4.0061908	0.7435229	3.2626679	27.6081165
32	4.0061908	0.6649415	3.3412493	24.2668673
33	4.0061908	0.5844675	3.4217233	20.8451440
34	4.0061908	0.5020553	3.5041355	17.3410086
35	4.0061908	0.4176582	3.5885326	13.7524760
36	4.0061908	0.3312284	3.6749624	10.0775136
37	4.0061908	0.2427170	3.7634738	6.3140398
38	4.0061908	0.1520737	3.8541171	2.4599227
39	2.5191699	0.0592472	2.4599227	0.0000000
40	0.0000000	0.0000000	0.0000000	0.0000000